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ABSTRACT

Labor market outcomes of 25- to 64-year-olds were examined as a function of sex, prose proficiency level, and highest educational level attained. The data for 1992 confirmed that educational attainment and literacy level are both positively associated with higher annual earnings and lower unemployment rates and that literacy is positively associated with earning higher wages and a reduced likelihood of being unemployed within different levels of educational attainment. Of males whose highest education level in 1992 was a high school diploma, those with a prose proficiency level of 4 earned 29% more annually than did those with a prose literacy proficiency level of 2. No statistically significant difference between the annual earnings of females with prose proficiency levels of 2 and 4 were found; however, of females whose highest education level was a high school diploma, those with a prose proficiency level of 4 had an unemployment rate of 5% whereas those with a prose proficiency level of 2 had an unemployment rate of 12%. Among females holding a bachelor's degree, unemployment rates were similar for those groups with prose literacy proficiencies of 2, 3, and 4. (MN)

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ED 391 972

INDICATOR OF THE MONTH

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January 1996

Labor market outcomes of literacy and education

As our society becomes more technologically advanced, many have argued that there is a greater need for all individuals to become more literate and for a larger proportion to develop advanced skills. Some argue that a growing number of workers are being expected to comprehend information presented in lengthy and sometimes complex formats, to compare and contrast information, to generate ideas based on what they read, and to apply arithmetic operations sequentially to solve a problem. Furthermore, strong literacy skills are a prerequisite for fully taking advantage of formal education and job-related training. The degree of variability in labor market outcomes by literacy within educational attainment levels is an indicctor of the direct and indirect (i.e., through education) effects of literacy on success in the workplace.

- **Educational attainment and literacy level are both positively associated with higher annual earnings and lower unemployment rates. Furthermore, literacy is positively associated with earning higher wages and a reduced likelihood of being unemployed within different levels of educational attainment.**
- **In 1992, of males whose highest education level was a high school diploma, those at prose proficiency level 4 (scores between 326 and 375) had 29 percent higher annual earnings than those at proficiency level 2 (scores between 226 and 275). The difference in earnings between those females at proficiency level 4 and those females at proficiency level 2 was not statistically significant, however.**
- **Of females whose highest education level was a high school diploma, those at prose proficiency level 4 were far less likely to be unemployed than those at proficiency level 2 (unemployment rates of 5 versus 12 percent). The unemployment rates for those females with a bachelor's degree were similar at proficiency levels 2, 3, and 4, however.**

Labor market outcomes of 25- to 64-year-olds, by sex, prose proficiency level, and highest education level attained: 1992

	Male						Female					
	Average annual earnings of employed persons in the previous year											
Highest education level[1]		Prose proficiency level						Prose proficiency level				
	Total	1	2	3	4	5	Total	1	2	3	4	5
Total	**$29,175**	**$15,755**	**$22,046**	**$29,610**	**$39,941**	**$48,965**	**$17,090**	**$9,650**	**$13,260**	**$16,759**	**$21,882**	**$28,707**
Grade 9-11	18,194	16,299	17,763	21,402	—	—	11,145	8,979	11,141	14,304	—	—
High school diploma	22,494	16,417	20,866	24,997	26,825	—	13,554	10,510	12,579	14,565	14,686	—
Some postsecondary[2]	27,279	19,306	24,402	26,654	32,544	—	16,449	11,756	14,540	16,266	18,245	23,038
Associate's degree	31,855	—	29,161	31,615	34,729	—	19,547	—	15,103	20,053	20,603	—
Bachelor's degree	38,115	—	30,105	37,393	38,793	44,140	23,592	—	22,907	20,546	24,447	28,939
	Unemployment rate											
	Prose proficiency level						Prose proficiency level					
	Total	1	2	3	4	5	Total	1	2	3	4	5
Total	**8.3**	**14.9**	**11.5**	**6.4**	**4.1**	**2.3**	**8.5**	**17.3**	**12.7**	**6.7**	**4.0**	**2.3**
Grade 9-11	12.4	14.0	12.2	11.3	—	—	17.8	22.6	16.4	14.4	—	—
High school diploma	8.2	11.3	10.7	5.7	5.1	—	9.3	18.6	12.2	6.1	4.5	—
Some postsecondary[2]	7.4	12.8	10.2	7.0	4.8	—	7.8	17.6	13.5	6.5	4.3	—
Associate's degree	5.5	—	2.5	4.1	7.1	—	5.3	—	7.1	6.2	3.8	—
Bachelor's degree	4.8	—	5.7	4.8	4.8	3.2	4.8	—	5.5	5.1	4.4	3.6

— Too few cases for a reliable estimate.

[1] Adults with a highest level of education of grades 1-8, a GED or equivalent, or a graduate degree are included in the total but not shown separately.

[2] Includes vocational schools, less than 2 years of college, and more than 2 years of college without a degree.

SOURCE: U.S. Department of Education, National Center for Education Statistics, National Adult Literacy Survey, 1992.

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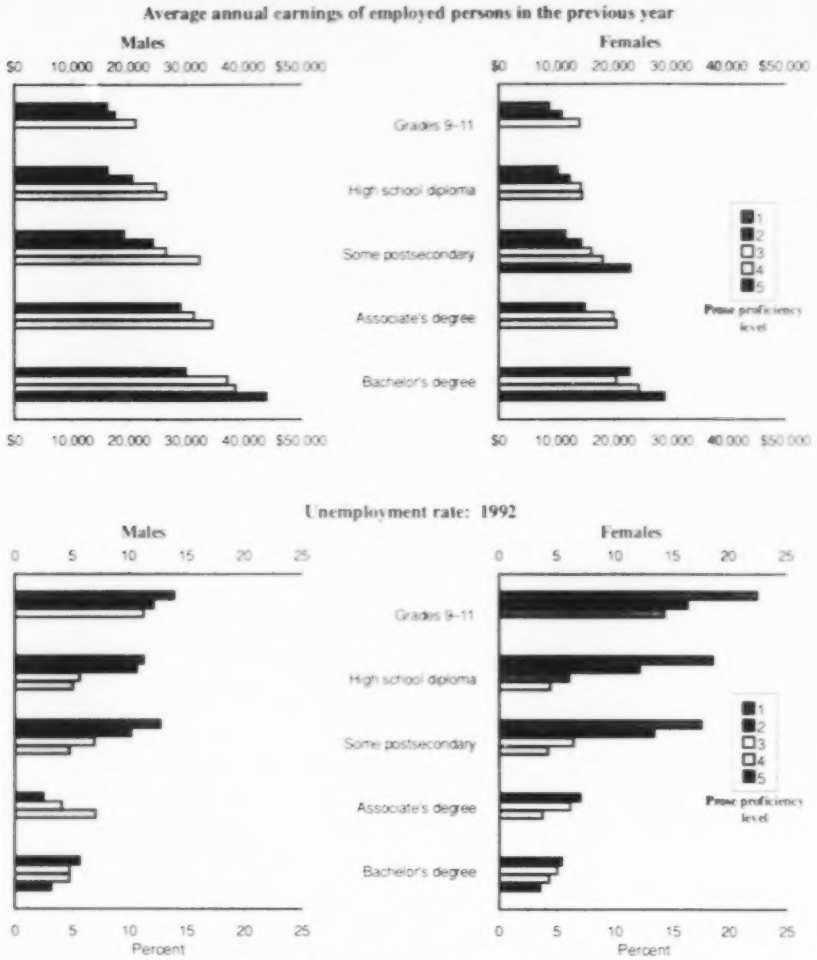
Labor market outcomes of 25- to 64-year-olds, by sex, prose literacy level, and highest educational level attained: 1992



SOURCE: U.S. Department of Education, National Center for Education Statistics, National Adult Literacy Survey, 1992

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